USDA Foreign Agricultural Service
GAIN Report
Global Agriculture Information Network
Template Version 2.09

Voluntary Report - public distribution

Date: 7/16/2004

GAIN Report Number: IN4074

India

Agricultural Situation

Weekly Highlights and Hot Bites, #27

2004

Approved by:
Michael Riedel
U.S. Embassy, New Delhi

Prepared by:
A. Govindan, Santosh Kr. Singh, V. Shunmugam, Sayed Sarwer Hussain

Report Highlights:
Monsoon lagging in India, *India nears a biotechnology crossroads: US Ambassador*, *New Biotech Policy in 6 months*, *Cooperation between G-99 and G-20 vital*, *Indo-Thailand trade pact on course*, *Metro in sourcing deal with Punjab government*, *Retailers try to crack barcode jumble*, *BANGLADESH: Subsidized Indian rice dumped into Bangladesh*, *BANGLADESH: Flood situation worsens*.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
New Delhi [IN1]
[IN]

Welcome to Hot Bites from India, a weekly summary of issues of interest to the U.S. agricultural community. The report includes information that has been garnered during travel within India, reported in the local media, or offered by host country officials and agricultural analysts. Press articles are included in this report. Significant issues will be expanded upon in subsequent reports from this office.

DISCLAIMER: Any press summary contained herein does NOT reflect USDA's, the U.S. Embassy's, or any other U.S. Government agency's point of view or official policy.

MONSOON LAGGING IN INDIA

There has been a significant slowing of monsoon activity during the past two weeks, coinciding with the peak-planting season for most fall harvested crops. Unless the monsoon revives soon, crop production may be in jeopardy. For more details, please see GAIN report IN4071. (Source: FAS/New Delhi)

INDIA NEARS A BIOTECHNOLOGY CROSSROADS: US AMBASSADOR

David Mulford, the US Ambassador to India, published the following biotech op-ed in the Indian media today:

"India has been a leader in applying science to meet the challenge of feeding its large and growing population. The dire predictions of the 1960s, when it was feared that India would not be able to produce enough food for its people, did not come true. Several reasons accounted for this miraculous turn-around: pro-science policies, investments in water and fertilizer, and adoption of new seed-based technologies. Instead, the outcome was that food grain production more than doubled. Clear public policy commitments, together with a willingness to make new investments, enabled India to feed hundreds of millions of people.

Once again, India faces momentous choices. Despite past progress, this country is still home to the largest number of hungry people anywhere in the world. Some 300 million face food insecurity, more than in all of Africa. An emerging consensus now exists that the economic well being of farmers must also be improved. Thanks to continuing advances in science, here in India and around the world, India has the potential to feed its hungry and lift its farmers out of poverty. Agricultural biotechnology is helping researchers understand and design the genetic potential of crops to produce more food than ever before.

Scientists in India are developing new ways to reduce losses from devastating pests and diseases. They are moving rapidly to develop drought resistant, high nutrition crops. New strains of rice, wheat, maize and mustard will offer a means of designing a nutritional safety net for the poor. These crops have the potential to reduce the insidious burden of iron-deficiency anemia or Vitamin A deficiency, which affects huge numbers of people, especially women and children. They are also developing foods with built-in, biotechnology-based protection against insect attack, which can be safer, with far lower levels of dangerous mycotoxins resulting from fungal infestation after insect damage.

Despite tremendous opportunities, opposition to these technologies inhibits their delivery to India's farmers and consumers. Unlike medical biotechnology, where new vaccines and other advances are welcomed, a most unlikely alliance of environmental groups and pesticide manufacturers has sought to block what are ultimately life-saving advances in food production. Ironically, individuals and organizations committed to protecting the environment have sought to prohibit new strains of biotech cotton, which require far fewer

applications of toxic pesticide. Less pesticide use can mean more income and better health for farmers and their families, not to mention a general improvement for the environment.

Farmers and scientists around the world are coming together to stand up against campaigns of disinformation. Recently, Brazil finally approved biotech soybeans, after smallholder farmers in that country showed that they were losing many hundreds of dollars of income per hectare because activists had used the courts to block the new technology. These farmers knew that this same technology had been approved as safe elsewhere in South America, North America, Europe, and Japan. Scientific analysis and science-based regulatory systems are the foundation of food safety and also help promote global trade.

Another tactic used by those seeking to block scientific advances in agriculture is to assert that biotechnology is simply a tool with which multinational corporations will subjugate unwitting farmers.

Moving beyond this rather demeaning characterization of farmers as unable to make sound choices for themselves, the arguments advanced in the name of anti-globalization are not convincing, especially in India. India has a tremendous scientific capacity that is generating agricultural biotechnologies. Government is investing wisely through the work of the Department of Biotechnology, the Indian Council for Agricultural Research, and others. Many companies, Indian and American, are also seeking new solutions to the problems facing India's farmers.

India and the United States are launching a series of joint research efforts aimed at developing crops that resist pests, increase yields, and improve nutrition. These technologies will link both public and private sector efforts to develop crops that benefit farmers and consumers, and in particular to help feed India's poor. A significant step in this collaborative direction occurred on June 29, 2004, when Secretary Bhan of the Department of Biotechnology and I signed a Letter of Intent to enhance cooperation in agricultural biotechnology research and development.

Continued investment in agricultural biotechnology in India will ultimately depend on the development and commercialization of products that serve the needs of India's farmers and consumers. In so doing, it is critical that India makes scientifically sound choices that reflect the country's food security, environmental, and economic interests. Possibly well-meaning, but seriously misguided groups, often with links to countries where current agricultural productivity and food security are no longer significant concerns, have spread unfounded fears and misinformation.

Agricultural biotechnology alone will not of course solve the challenge of feeding a growing population. The causes of hunger are complex, as are the solutions to its eradication. There are no panaceas. Sound technology and policy, natural resource management, investments in new techniques, efficient markets, and expanding global trade are all important.

But turning our backs on science will hardly aid the cause of agricultural development, food security, and rural economic growth in India. On the contrary, unscientific and emotional opposition to agricultural biotechnology will slow the development of new means of combating drought, pests, and crop diseases. The resulting delays may not be felt by the well-off, but they will do serious harm to the poor. All of us urgently need the benefits science has to offer."

(Source: Business Standard, 07/16/04)

NEW BIOTECH POLICY IN 6 MONTHS

Delivering the keynote address at a conference organized on the sidelines of BIO 2004 in Bangalore, Dr M.K. Bhan, Secretary, Department of Biotechnology said that the government is expected to frame a new biotech policy within six months and establish a single-window regulator for the sector within two years. According to Dr. Bhan, two commissions would be set up by the government by end-July, one to evolve a national biotech policy and the other to look into models for ideal public-private partnerships. Dr. Bhan said that his Ministry is aiming to have a "TRIPS compatible Intellectual Property Rights" policy in place by 2005, with an appropriate enforcement mechanism. (Source: Business Line and Tribune, 7/12/04)

COOPERATION BETWEEN G-90 AND G-20 VITAL

Mr. Kamal Nath, the Indian Minister of Commerce and Industry, said that cooperation between the G-90 and G-20 countries is vital in order to achieve a new global trading order that is supportive of the aspirations of the developing countries. Addressing the first Ministerial Meeting of the G-90 at Port Louis in Mauritius, Mr. Kamal Nath said that India and the G-20 would like to work closely with the cotton producers in the G-90 to achieve the removal of the present market distortions, and to win a fair deal for the industrious and cost-efficient African producers. The Minister said that the G-20 had presented constructive ideas in market access that adhered to the Doha mandate, while addressing the different capacities and sensitivities of different countries in undertaking reduction commitments. "All of us have a vital stake in ensuring a pro-development outcome under the Doha Work Program. A well-coordinated strategy between the G-90 and the G-20, based on the common good of developing countries, will take us closer to this goal", Mr. Kamal Nath said. (Source: Press Information Bureau, GOI, 07/12/04)

INDO-THAILAND TRADE PACT ON COURSE

The Free Trade Agreement (FTA) between India and Thailand will go into effect on September 1, 2004, according to Thailand's Minister for Science and Technology, Mr. Korn Thapparansi. There are eighty-two items in the 'early harvest' scheme, on which the custom duty will be reduced to 50 percent of the current level effective September 1, 2004, with further reduction to 25 percent in September 2005, and which will become duty free effective September 2006. The Minister said since Thailand has FTAs with several countries, Indian companies would have greater market access if they set up shops in Thailand. The second phase of the free trade negotiations would begin soon, covering 5,000 items, according to Thailand's Vice Minister of Commerce. (Business Line, 07/11/04)

Post Comment: Agricultural products in the 'early harvest' list include mangoes, grapes, apples, durians, pomegranates, wheat, and several fish categories.

METRO IN SOURCING DEAL WITH PUNJAB GOVERNMENT

Metro Cash & Carry International, the Germany-based retailer, signed an MOU with Punjab State Agro Industries Corporation to identify and source food products for their international operations from Punjab. The CEO of Metro met with the Punjab Chief Minister and discussed setting up Metro Cash & Carry distribution centers in Punjab. The Chief Minister stated that Metro will be able to provide forward linkages to markets to make Punjabi farmers more competitive and profitable. Metro commenced its Indian operation in Bangalore in October 2003. (Source: Business Standard 7/13/04)

RETAILERS TRY TO CRACK BARCODE JUMBLE

Larger Indian retailers such as Foodworld, Giant, Nilgiri's, and Trinethra may soon stop stocking goods that are not bar coded. The four supermarket chains have asked domestic fast moving consumer goods (FMCG) companies to put barcodes on their packages, failing which, either the products will be rejected or subjected to stiff penalties. The retailers are insisting on the barcodes as it facilitates billing, inventory management, and forecasting consumer demand. While larger FMCG companies like Hindustan Lever Ltd., Nestle, Britannia, Dabur, etc. have started barcoding their brands, the smaller companies are resisting change. EAN India, a nonprofit organization set up by various industry associations and the Ministry of Commerce to promote global standards in the domestic industry, is also pushing for early adoption of bar coding. (Source: Economic Times 7/02/04)

BANGLADESH: SUBSIDIZED INDIAN RICE DUMPED INTO BANGLADESH

The Bangladeshi Agriculture Minister said the dumping of Indian rice is one of the major reasons why farmers in Bangladesh are not getting reasonable prices for their product. Talking at the closing ceremony of the donor-funded project "Poverty Elimination Through Rice Research Assistance (PETRRA)", the Minister said that the Indian government buys rice from farmers at $257 per ton and exports it rice to Bangladesh at only $127 per ton. In many states of India, farmers get free electricity and seed prices are much lower than in Bangladesh, he added. Rice production in Bangladesh has reached 26 million tons, enough to meet domestic requirements. (Source: The Daily Star, 07/14/04)

BANGLADESH: FLOOD SITUATION WORSENS

The flood situation in the northern, northeastern, and southern regions of Bangladesh worsened as torrential rains and raging waters inundated fresh areas, submerging houses and fields, and disrupting communication. Food, drinking water, and medicine shortages have added to problems. A lack of materials to erect make-shift shelters has left thousands living in the open as the rains continued. Waterborne diseases have broken out in many of the areas, with little medical aid available to treat them. (Source: The daily Star, 07/11/04)

RECENT REPORTS SUBMITTED BY FAS/NEW DELHI

REPORT #	SUBJECT	DATE SUBMITTED
IN4068	Weekly Highlights & Hot Bites, #26	07/09/04
IN4069	FAIRS Product Specific – Amendment to the GOI order banning imports of all Poultry and Pork Products	07/13/04
IN4070	The Indian Budget – Agricultural Highlights	07/13/04
IN4071	Monsoon Progress Report No. 2	07/13/04
IN4073	FAIRS Product Specific - GOI publishes an Amendment to the Prevention of Food Adulteration Rules	07/16/04

WE ARE ON THE NET

We are available at www.usembassy.state.gov/posts/in1/wwwh43.html or visit our headquarter's home page at www.fas.usda.gov for a complete selection of FAS worldwide agricultural reporting.

FAS/NEWDELHI EMAIL

To reach us at FAS/New Delhi, email us at Agnewdelhi@usda.gov.